



National Security Personnel System

Overview

Office of the Deputy Under Secretary of
Defense (Civilian Personnel Policy)
NSPS Program Implementation Office

March 2004

- Background
- Program Description
- Implementation
- Summary

Status Quo:

- Inflexible personnel processes result in a workforce that cannot posture itself for the rapidly changing environment
- Proliferation of personnel demonstrations show the desire for an improved system. “Best Practices” gathers the benchmarks of the various systems to create a better, consolidated approach

Desired End State:

- A standardized, yet flexible DoD environment that promotes the growth of all employees and improves the manager’s ability to manage the workforce effectively

Background (cont.)

- **March 2002** – Under Secretary of Defense (Personnel and Readiness) (USD (P&R)) directed the establishment of the DoD Human Resources Best Practices Task Force
 - Task Force directed to compile best practices in DoD civilian human resources strategies
 - Resulting program reflects the best approaches of demonstrations and alternative personnel systems
- **December 2002** – OUSD(P&R) and Under Secretary of Defense (Acquisition, Technology & Logistics (AT&L)) received senior leadership Task Force products that had been reviewed, revised and approved

Background (cont.)

- **April 2003** – Federal Register published for Science and Technology community
 - Notice of amendment to demonstration project plans
 - Component and public comment period
- **November 2003** – National Security Personnel System (NSPS) Authority passed by Congress and signed by the President (P.L. 108-136)

Purpose

Enhance DoD's ability to use civilian personnel to accomplish its mission

Implementation Assumptions

- Common system for Department as a whole
- Regulations “jointly prescribed” with OPM
- Flexibility maintained
- Maximum movement this year
- Training essential
- Communications should begin now



Statutory Requirements

NSPS must:

- Be developed in collaboration with employee representatives
- Be coordinated with OPM
- Be flexible and contemporary
- Preserve merit system principles
- Follow time periods for collaboration

Constraints

- DoD may implement NSPS for 300K employees
- Further implementation requires certification of our performance management system and Department-wide training
- Ten DoD labs excluded from NSPS (until 2008) by statute
- Civilian pay dollars (FY 04 to FY 08) may not be less than would have been allocated under old system (to the extent practicable)
- Parity required between civilian/military increases (to the extent practicable)
- Design process specified by statute



Key System Components

- Human resources (hiring, pay, evaluation, etc.)
- Labor management relations
- Employee appeals

- NSPS will meet its objectives through improvements in:
 - Pay Banding
 - Job Classification
 - Hiring & Appointment
 - Pay Administration
 - Performance Management
 - Revised Reduction-in-Forces Procedures
- DoD HR Best Practices are the foundation

Pay Banding

- Facilitates pay progression
- Provides for access to higher range of basic pay
- Permits more competitive recruitment of quality candidates at differing rates
- Accommodates broad range of occupations and missions
- Creates assignment flexibility

Pay for Performance

- Standard performance evaluation process
- A performance pay out process
 - Tie annual increase to individual performance
 - Link performance to organizational strategic plan
- Measures to address deficient performance

Staffing Flexibilities

- Rule-of-3 eliminated in favor of
 - Referral of All
 - Categorical Ranking
- Length of Initial Probationary Period - up to 3 years
- Probationary periods for job changes
- Modified Term Appointments – up to total of 6 years
- Scholastic Achievement Appointments
- On-the-Spot Hiring
- Noncompetitive Temporary Appointments

Labor Management Relations

- Provide employees the right to organize and bargain collectively
- Be developed in collaboration with employee representatives
- Use issue-based collaborative approach
- Sunset in six years unless extended by law



Employee Appeals

- Provide due process for all employees
- Standards and procedures consistent with merit system principles
- May establish new legal standards and procedures
- Preserve right to appeal to MSPB
- MSPS appeal right is provisional for 7 years and becomes permanent unless Congress acts

Function	Current System	NSPS Concept
Structure	<ul style="list-style-type: none"> ▪ Rigid job grade structure: 15 levels ▪ Employee works within job grade level, or else personnel action req'd 	<ul style="list-style-type: none"> ▪ Jobs banded to 3-4 levels ▪ Employee works to capability within range mission needs ▪ Fewer personnel actions to process
Acquire	<ul style="list-style-type: none"> ▪ Selection forced from ranked list of candidates ▪ Constrained 'direct hire' authority ▪ 200 appointing authorities 	<ul style="list-style-type: none"> ▪ Selection from highest group of Best Qualified/Highly Qualified/Qualified candidates ▪ More flexible 'direct hire' authority ▪ Simpler appointing authorities
Distribute	<ul style="list-style-type: none"> • Assign work/assign employee within grade level, specialty 	<ul style="list-style-type: none"> ▪ Assign range of work/assign employee within broad band level
Sustain	<ul style="list-style-type: none"> ▪ Highly structured pay system: <ul style="list-style-type: none"> ✓ normally start at first step of grade ✓ guaranteed progress by steps within grade ▪ Performance rating has little impact on pay or career progression. 	<ul style="list-style-type: none"> ▪ Flexible pay system: <ul style="list-style-type: none"> ✓ entry/job change pay can be market sensitive ✓ within-band raises based on contributions/performance
Separate	<ul style="list-style-type: none"> ▪ Reduction in force: main factor length of service. 	<ul style="list-style-type: none"> ▪ Reduction in force: stronger role for performance.

BOTTOM LINE: Performance, contribution based system

- Makes it easier to hire, employ, compensate, reward high quality civilians

- Demands significant leader involvement



Other Provisions

- VERA and VSIP
- Highly Qualified Experts
- Reemployed Annuitants
- Tuition Repayment

- Permanent downsizing and restructuring VSIP and VERA Program Authority
- Limited to 25,000 employees per year (not including base realignment and closure activities)
- \$25,000 or severance pay entitlement, whichever is higher
- DoD implementing guidance issued 30 December 2003



Highly Qualified Experts

- Authority for Secretary of Defense to establish a DoD program to attract highly qualified experts
- Maximum of 2,500 at any one time
- Employment may not exceed 5 years plus a 1 year extension
- Pay – between 15 step 10 and Level IV of the Executive Service plus locality pay up to Level III
- Additional payments up to \$50,000 for recruitment, relocation, performance
- Policy guidance issued February 7

- Eliminates salary offset for retirees who are hired by DoD
- Applies to both appropriated fund positions
- Serves at the will of the appointing authority
- Pending DoD policy
 - Judicious use
 - Hard to fill, shortage categories, mission critical, project work
 - Specialized or unique skills
 - Mentoring (2087 hours)

Critical Tasks

- Develop overarching implementation plan
- Develop and execute communications plan
- Develop NSPS policy/procedural framework
- Design labor management relations system
- Design employee appeals system
- Develop & execute training strategy
- Modify HR information systems
- Publish guidance



Communications and Outreach

- NSPS website (www.cpms.osd.mil/nsps)
 - Central repository for NSPS info
 - 443,000 hits since Dec 1
 - 650 comments/feedback since Dec 1
- Internal outreach
- External outreach